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State implements the 'Amazon tax'

By KARLY BARKER

The state is moving forward today with what is being called the 'Amazon Tax.' The new law requires out-of-state online retailers, with California based websites as affiliates, to collect sales tax from California buyers. Despite a recent referendum by Amazon, the California State Board of Equalization moved to implement the tax yesterday with a three to two vote. The board directed staff members to get an opinion from the State Attorney General on how the referendum process may change the effectiveness of the tax.

Michelle Steel, Orange County Representative and Vice Chair of the California State Board of Equalization, was one of two who voted against the implementation of the tax on Tuesday.

"I oppose the drive to increase tax collections through a potentially illegal scheme that requires out-of-state retailers to collect California's sales tax," said Steel.

Earlier in the month Amazon terminated nearly 25,000 contracts with its affiliates in direct response to the new tax. The company claimed that similar legislation in other states has led to job and revenue losses and little if any tax revenue.

"We oppose this bill, because it is unconstitutional and counterproductive," the Amazon Associates Team stated in a letter to all of the California affiliates earlier this month. "It is supported by big-box retailers, most of which are based outside California, that seek to harm the affiliate advertising programs of their competitors."

Following the statement Amazon filed a referendum to the state to overturn the bill. The tax went into effect on July 1 and Tuesday's vote made it possible for the state to begin the implementation process. The state believes the tax will generate \$200 million a year, helping balance the state deficit. However, Steel argues the implementation should be stopped until the referendum from Amazon is addressed by the state.

"The implementation process should be put on hold until we have a clear picture of where the referendum to overturn this law is headed," concluded Steel.